

## Message Text

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SUBJECT: IRAQ: TRADE OUTLOOK ARTICLE

REF: (A) CERP -0006; (B) BAGHDAD A-26 MAY 13, 1974

1. FOLLOWING IS COMMERCIAL ATTACHE T. PATRICK KILLOUGH'S  
TRADE OUTLOOK ARTICLE FOR PUBLICATION BY USDOC ENTITLED  
"FOODGRAINS LEAD MASSIVE BUT UNEVEN U.S. REENTRY INTO  
BOOMING IRAQI MARKET".

2. IN MID-1973 THE GOVERNMENT OF IRAQ ENDED A PARTIAL  
BOYCOTT OF AMERICAN PRODUCTS. SINCE THEN U.S. EXPORTS  
HAVE SOARED: FROM 23 MILLION DOLLARS IN 1972 TO 285  
MILLION DOLLARS IN 1974 AND 89 MILLION DOLLARS DURING  
THE FIRST THREE MONTHS OF 1975. AT THE SAME TIME IRAQ  
ADVANCED FROM TWELFTH TO FOURTH PLACE AMONG THE  
NINETEEN ARAB MARKETS FOR U.S. EXPORTS--AFTER SAUDI  
ARABIA, EGYPT AND ALGERIA.

3. 1974: U.S. PERFORMANCE REMARKABLE IN HANDFUL OF  
SECTORS

IN 1974 U.S. SALES TO IRAQ WERE CLUSTERED IN FOUR AREAS:  
FOOD GRAINS (575,000 TONS OF WHEAT AND 31,000 TONS OF  
RICE WORTH 110 MILLION DOLLARS); CIVIL AIRCRAFT AND  
SPARE PARTS (55 MILLION DOLLARS); INDUSTRIAL MACHINERY  
(28 MILLION DOLLARS) AND STEEL PIPES (19 MILLION  
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DOLLARS). U.S. EXPORTS SCATTERED AMONG OTHER SECTORS

WERE MODEST BUT WELL ABOVE 1973 FIGURES IN MOST CASES. THIS CONCENTRATION OF U.S. SALES WITHIN A HANDFUL OF SECTORS OF THE IRAQI ECONOMY CONTRASTS SHARPLY WITH THE MORE BALANCED, ACROSS-THE-BOARD EXPORT PATTERN OF AMERICAN'S MAJOR FREE ENTERPRISE COMPETITORS: JAPAN, WEST GERMANY, FRANCE AND THE UNITED KINGDOM WHICH BETWEEN THEM SHIPPED MORE THAN A BILLION DOLLARS WORTH OF GOODS TO IRAQ IN 1974.

4. 1975: PENT UP DEMAND FOR AGRICULTURAL AND INDUSTRIAL GOODS

IRAQI DEMAND FOR AGRICULTURAL GOODS WILL PERSIST AND GROW IN 1975. U.S. WHEAT AND RICE SHOULD CONTINUE STRONG IN THE MARKETPLACE AND AMERICAN FIRMS HAVE NOW BEGUN TO COMPETE TO FILL LARGE IRAQI GOVERNMENT ORDERS FOR YELLOW CORN, TOBACCO, FEEDGRAINS, POTATOES, LIVE CATTLE, FROZEN CHICKENS, EGGS, MILK POWDER AND A VARIETY OF SEEDS AND SEEDLINGS. THERE IS ALSO A GROWING U.S. RESPONSE TO THE STEADY FLOW OF IRAQI GOVERNMENT CALLS FOR TENDERS TO SUPPLY PHARMACEUTICALS, INDUSTRIAL EXPLOSIVES, TRUCKS, PASSENGER CARS, EARTH-MOVING AND ROADBUILDING EQUIPMENT, AGRICULTURAL MACHINERY AND TRACTORS, BUILDING MATERIALS (ESPECIALLY LUMBER), COMMUNICATIONS EQUIPMENT, OFFICE MACHINERY, HOSPITAL AND SURGICAL INSTRUMENTS AND EQUIPMENT AND OTHER LINES OF INDUSTRIAL AND SCIENTIFIC TECHNOLOGY.

5. CAUTIOUS BUT GROWING U.S. INTEREST IN MAJOR PROJECTS

A HANDFUL OF U.S. FIRMS HAVE SO FAR WON CONTRACTS FOR MAJOR ECONOMIC DEVELOPMENT PROJECTS, FOR EXAMPLE, OIL EXPORT FACILITIES NEAR BASRA IN SOUTHERN IRAQ (BANNISTER-PRICE; BROWN AND ROOT), FOR THE MODERNIZATION AND REEQUIPMENT OF IRAQI AIRWAYS (BOEING) AND FOR DESIGN, CONSTRUCTION AND MANAGEMENT OF MODERN HOTELS IN BAGHDAD AND BASRA (SHERATON). LIKE THEIR EUROPEAN AND JAPANESE COMPETITORS AMERICAN FIRMS ARE REACTING WITH CAUTION TO THE IRAQI GOVERNMENT'S STRONG PREFERENCE FOR TURNKEY

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PERFORMANCE ON A FIXED PRICE BASIS. NOTWITHSTANDING SEVERAL SCORE U.S. FIRMS ARE NOW MAKING OFFERS OR NEGOTIATING FOR SUCH PROJECTS AS A 340 MILLION DOLLAR ALUMINUM SMELTER, A BILLION DOLLAR UNIVERSITY OF TECHNOLOGY, A NEW INTERNATIONAL AIRPORT AND A RAPID TRANSIT SYSTEM FOR BAGHDAD, SEWER SYSTEMS FOR ALL MAJOR CITIES OF IRAQ, PIPELINE, RAILROAD AND HIGHWAY SCHEMES, URBAN AND RURAL HOUSING PROJECTS, CINEMAS,

THEATERS AND OTHERS.

6. "WHAT TOOK YOU SO LONG TO COME?"

RICH IN OIL, THE WATER OF THE TIGRIS AND EUPHRATES RIVERS, ARABLE LAND, IRAQ IS AN IMPERIOUS MARKET FOR IMPORTED FOOD, INDUSTRIAL GOODS AND TECHNOLOGY. SURPRISINGLY THE COUNTRY HAS NOT YET BEEN VISITED BY NEARLY AS MANY AMERICAN BUSINESSMEN AS EGYPT, LEBANON, KUWAIT OR OTHER ARAB LANDS SINCE THE FALL OF 1973. AND RARE INDEED IS THE TOP EXECUTIVE OF MAJOR U.S. CORPORATIONS WHO HAS BEEN IN IRAQ IN RECENT MONTHS. THIS PUZZLING LACK OF PERSONAL ATTENTION BY U.S. BUSINESSMEN IS, HOWEVER, CHANGING AND 1975 HAS ALREADY SEEN THE CHAIRMEN OF THE BOARDS OF CHASE MANHATTAN BANK AND OF THE ALLIS CHALMERS COPROATION PRESENT IN BAGHDAD. AND IN APRIL 1975 THE GOVERNOR OF MISSISSIPPI BROUGHT WITH HIM A 17 MAN AGRICULTURAL AND INDUSTRIAL TRADE MISSION--THE FIRST U.S. TRADE MISSION TO VISIT IRAQ SINCE 1967.

7 HOTEL SPACE IS SCARCE AND IT HELPS IF AN AMERICAN BUSINESSMAN CAN LINE UP AN IRAQI PRIVATE OR GOVERNMENT SECTOR CONTACT BEFORE VISITING THE COUNTRY IN ORDER TO HELP SECURE LODGINGS AND TO IDENTIFY AND MAKE APPOINTMENTS WITH KEY OFFICIALS IN THE GOVERNMENT MINISTRIES WHICH DO MOST OF THE NATION'S IMPORTING AND CONTRACTING. VISITS BY AMERICANS ARE STILL AN INFREQUENT ENOUGH OCCURRENCE THAT A BUSINESSMAN MAKING HIS FIRST CALLS ON GOVERNMENT BUYERS IS OFTEN PLEASANTLY SURPRISED TO BE ASKED: "WHERE HAVE YOU BEEN THESE LAST COUPLE OF YEARS? WHAT TOOK YOU SO LONG TO COME?.".

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